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Message Text

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63
ACTION EUR-25

INFO OCT-01 ISO-00 EB-11 SCEM-02 COME-00 INT-08 CIAE-00

DODE-00 PM-07 H-03 INR-10 L-03 NSAE-00 NSC-10 PA-03

RSC-01 PRS-01 SPC-03 SS-15 USIA-15 ACDA-19 IO-13

CIEP-02 OMB-01 TRSE-00 EA-11 NEA-10 AF-10 DRC-01 /185 W
---------- 087211
R 132012Z SEP 73
FM AMCONSUL MONTREAL
TO SECSTATE WASHDC 3825
AMEMBASSY OTTAWA
AMCONSUL QUEBEC BY POUCH

UNCLAS MONTREAL 1834

E. O. 11652: N/A
TAGS: ENRG, CA
SUBJ: REACTION TO CANADIAN OIL POLICY MEASURES

REF: STATE 177848

1. EDITORIAL IN FRENCH LANGUAGE LE DEVOIR OF SEPTEMBER 13 SIGNED BY CLAUDE LEMELIN, WHO HAS BEEN REPORTING PIPELINE DEVELOPMENTS FROM OTTAWA, SUGGESTS FOLLOWING POSITIONS WHICH QUEBEC MINISTER OF NATURAL RESOURCES MASSE SHOULD TAKE IN SCHEDULED SEPTEMBER 14 DISCUSSIONS WITH FEDERAL ENERGY MINISTER MACDONALD. LEMELIN WRITES QUEBEC SHOULD:

A) OFFICIALLY REQUEST OTTAWA'S SUPPORT IN CONNECTION WITH SUPERTANKER PORT ON ST. LAWRENCE AND PIPELINES FROM PORT TO MONTREAL AND TO U.S.V;

B) AGREE TO EXTENSION TRANSCANADA PIPELINE ON CONDITION 1) PIPELINE BE REVERSIBLE AND GEARED TO NEEDS OF QUEBEC REFINERIES; 2) EXTENSION BE CONSTRUCTED AND MANAGED BY NEW FIRM CONTROLLED BY QUEBEC INTERESTS, WHILE INTERPROVINCIAL PIPELINE COMPANY WOULD GET CONTRACT TO BUILD AND MANAGE PIPELINES FROM EAST TO
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MONTREAL AND U.S.; 3) IF OTTAWA OR QUEBEC SUCCEED IN CONTRACTING

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FOR IMPORTED OIL SUPPLIES, PIPELINE FLOW SHOULD BE FROM EAST TO WEST SO LONG AS IMPORTS CAN COMPETE IN ONTARIO WITH CANADIAN OIL; 4) THAT PIPELINE FLOW NOT BE DEFINITELY SET FROM WEST TO EAST UNTIL CANADIAN OIL CAN COMPETE WITH IMPORTED OIL; 5) IF CONDITIONS 3 OR 4 ABOVE NOT MET, NO OIL SHOULD FLOW TO MONTREAL WITHOUT CONSENT OF QUEBEC AUTHORITIES; AND 6) SINCE IT IS UNLIKELY PIPELINE WOULD OPERATE PROFITABLY, OTTAWA SHOULD ABSORB DEFICIT;

C) REQUEST GRADUAL ABOLITION BORDEN LINE TO PERMIT SALE IN WEST OF QUEBEC PETROCHEMICALS;

D) SEEK AGREEMENT BETWEEN FEDERAL AND INTERESTED PROVINCIAL GOVERNMENTS TO COORDINATE AND SET PRIORITIES FOR THE EXPANSION OF PETROCHEMICAL INDUSTRY IN THE VARIOUS AREAS;

E) REQUEST THAT FEDERAL GOVERNMENT CONSULT WITH QUEBEC AND OTHER INTERESTED PROVINCES BEFORE SETTING UP CANADIAN PETROLEUM COMPANY;

F) SEEK POLITICAL, ADMINISTRATIVE AND FINANCIAL SUPPORT FROM OTTAWA IN CONNECTIONWITH OIL EXPLORATION ON ATLANTIC COAST.

2. IN ARTICLE PRINTED IN PUBLIC OPINION SECTION OF FRENCH LANGUAGE DAILY LA PRESSE ON SEPTEMBER 13 ROGER BEDARD, MEMBER OF THE PLANNING AND DEVELOPMENT COUNCIL OF QUEBEC, WRITES IT WOULD BE STUPID TO SPEND FROM 500 TO 600 MILLION DOLLARS FOR PIPELINE IF IT IS TO BE USED ONLY TO SUPPLY MONTREAL DURING BRIEF PERIODS OF OIL SHORTAGES AND THAT THE SENSIBLE SOLUTION WOULD BE TO TRANSPORT THE OIL BY RAILROAD. BEDARD ADDS THAT IF, ON OTHER HAND, THIS IS STEP IN DIRECTION OF NATIONAL SUFFICIENCY IN PETROLEUM QUEBEC MUST OPPOSE IT BECAUSE ALBERTA'S OIL RESERVES WILL LAST ONLY FOR 12 OR 15 MORE YEARS. BEDARD CONTINUES THAT GIVEN THE COST OF CANADIAN OIL MONTREAL WOULD HAVE TO PAY ALMOST AS MUCH FOR A BARREL OF OIL AS FOR A BARREL OF BEER AND THAT QUEBEC WILL NOT PAY SUCH PRICES TO "INDUSTRIALIZE ONTARIO AND ALBERTA". HE GOES ON TO SAY THAT ARAB COUNTRIES WILL BE FORCED TO BACK DOWN ON THEIR PRICE INCREASES FOR OIL BECAUSE OF PRESSURE FROM THE EEC, THE U.S., JAPAN AND OTHER NATIONS.
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